

FILED

SEP 14 2010

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

EUGENE R. WEDOFF,
BANKRUPTCY JUDGE

In re:

CANOPY FINANCIAL, INC.

Debtor.

Case No. 09 B 44943

Chapter 7

**FINDINGS OF FACT AND CONCLUSIONS OF LAW IN SUPPORT OF ORDER AWARDING TO
SEYFARTH SHAW LLP, COUNSEL FOR TRUSTEE, FOR ALLOWANCE AND PAYMENT OF
SUPPLEMENT TO FIRST INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES**

TOTAL FEES REQUESTED:	\$18,314.50	TOTAL COSTS REQUESTED:	\$4,447.80
TOTAL FEES REDUCED:	\$1,532.50	TOTAL COSTS REDUCED:	\$4,367.65
TOTAL FEES ALLOWED:	\$16,782.00	TOTAL COSTS ALLOWED:	\$80.15

TOTAL FEES AND COSTS ALLOWED: \$16,862.15

The attached time and expense entries have been underlined to reflect disallowance in whole or in part. The basis for each disallowance is reflected by numerical notations that appear on the left of each underlined entry. The numerical notations correspond to the enumerated paragraphs below.

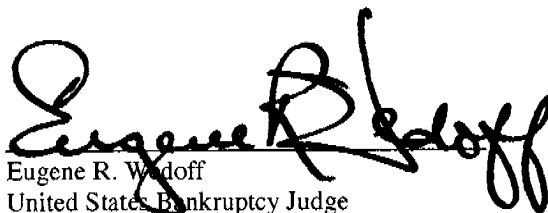
(4) Insufficient Description

The Court denies the allowance of compensation for the following task since the description of the time entry fails to identify in a reasonable manner the service rendered. *In re Pettibone*, 74 B.R. 293, 301 (Bankr. N.D. Ill. 1987) ("A proper fee application must list each activity, its date, the attorney who performed the work, a description of the nature and substance of the work performed, and the time spent on the work. [Citation omitted] Records which give no explanation of the activities performed are not compensable."); *In re Wildman*, 72 B.R. 700, 708-9 (Bankr. N.D. Ill. 1987) (same).

(11) Overhead Costs are Non-Compensable

The Court denies reimbursement for fees or expenses that are overhead costs. Expenses which are overhead are not compensable because they are built into the hourly rate. See *In re Wildman*, 72 B.R. 700, 731 (Bankr. N.D. Ill. 1987). Overhead, for bankruptcy purposes, includes "all continuous administrative or general costs or expenses incident to the operation of the firm which cannot be attributed to a particular client or cost." *In re Convent Guardian Corp.*, 103 B.R. 937, 939-40 (Bankr. N.D. Ill. 1989) (quoting *In re Thacker*, 48 B.R. 161, 164 (Bankr. N.D. Ill. 1985)).

Dated: September 14, 2010


Eugene R. Wedoff
United States Bankruptcy Judge

<u>Date</u>	<u>Description</u>	<u>Professional</u>	<u>Hours</u>	<u>Value</u>
02/11/10	Label production (.20); [REDACTED] [REDACTED] (.30); [REDACTED] (.10); [REDACTED] (.10).	N. Bouchard	0.70	77.00
				\$55
		(4) -.50 hrs		
02/12/10	Teleconferences with SEC regarding subpoena and production/turnover in response thereto (1.20); teleconference with B. Angart regarding response to SEC subpoena (.10).	R. Lutkus	1.30	396.50
02/26/10	Conference with C. Robertson regarding discovery (subpoena) in Amcore Class Action.	G. Paloian	0.40	222.00
		TOTAL	7.70	\$2,342.00

ASSUMPTION/REJECTION OF LEASES AND EXECUTORY CONTRACTS

<u>Date</u>	<u>Description</u>	<u>Professional</u>	<u>Hours</u>	<u>Value</u>
01/15/10	Conference with J. Switzer regarding executory contracts and assumption and assignment/cures and review contracts and cure statements.	G. Paloian	1.20	666.00
		TOTAL	1.20	\$666.00

SALE OF ASSETS

<u>Date</u>	<u>Description</u>	<u>Professional</u>	<u>Hours</u>	<u>Value</u>
01/04/10	Telephone conference with proposed purchaser of assets regarding Debtor's Motion to Sell.	R. Weber	0.50	307.50
01/08/10	Office conference G. Paloian regarding proposed terms of sale (.30); telephone conferences with D. Stevenson regarding proposed terms of sale(.70).	R. Weber	1.00	615.00
01/11/10	Telephone conferences with IP counsel regarding transitioning ownership of domain names.	G. Paloian	0.40	222.00
01/13/10	Office conferences with J. DeJonker regarding Motion to Sell.	R. Weber	0.50	307.50
01/15/10	Numerous office conferences with G. Paloian regarding Asset Purchase Agreement (.50); telephone conferences with J. DeJonker re: APA (.50); e-mails with J. DeJonker regarding Asset Purchase Agreement and bankruptcy related matters (.50).	R. Weber	1.50	922.50

<u>Date</u>	<u>Description</u>	<u>Professional</u>	<u>Hours</u>	<u>Value</u>
01/18/10	Numerous e-mails with J. DeJonker regarding sale issues (.50); further draft of proposed Asset Purchase Agreement (1.00).	R. Weber	1.50	922.50
01/19/10	Conference calls with R. Angart and J.R. Ingram regarding Caregain post acquisition operations and potential merger issues (1.10); conference regarding treatment of reclamation claims in APA (.70).	G. Paloian (4) -.7hrs	1.80 \$ - 388.5	999.00
01/21/10	Long conference call proposed purchaser regarding outstanding issues relative to APA and proposed sale.	R. Weber (4)	1.50 - 1.5hrs	922.50 - 922.5
01/22/10	Telephone conferences with R. Weber and J. DeJonker regarding APA terms and negotiations of APA.	G. Paloian	0.60	333.00
01/25/10	Conference with J. DeJonker regarding PayFlex bid (.50); conferences with J. DeJonker regarding sales order and necessary revisions (.40); conference with R. Weber regarding escrow agent for good faith deposits (.30); conferences with R. Weber regarding representation and warranties for APA and persons with knowledge disclosures (.40); conferences with R. Weber regarding risk of release of source code to Coventry and impact on sale of assets (.40); conferences R. Weber regarding PayFlex request for liability cap on failed transaction and indemnification request (.70); conferences J. DeJonker regarding continuation of auction and hearing (.50); conferences with R. Angart regarding PayFlex revised bid (.30).	G. Paloian	3.50	1942.50
01/25/10	Telephone conferences, e-mails with G. Paloian and J. DeJonker regarding agreement and transaction, Escrow Agreement.	R. Weber	1.00	615.00
01/26/10	Conferences with R. Angart regarding Kroll hosting of all retrieved data.	G. Paloian	0.50	277.50
01/27/10	Conference with R. Weber regarding open issues on PayFlex APA (.30); telephone conferences with J. DeJonker regarding meeting with PayFlex (.20); telephone conferences with R. Angart regarding Kroll data base services (.30).	G. Paloian	0.80	444.00
01/27/10	Office conferences with G. Paloian, J. DeJonker regarding revised APA and unresolved terms.	R. Weber	1.00	615.00
01/29/10	Conferences with J. Sowka regarding termination of 401(k) plan (.20); communications with J. DeJonker regarding IDS reclamation/repurchase of assets (.30).	G. Paloian (4)	0.50 -.3	277.50 - 166.5
02/01/10	Conference with H. Baer regarding CHT press release and Rownd employment (.30); telephone conferences with R. Angart regarding Averde Health potential interest (.20).	G. Paloian	0.50	277.50

Outside Printing

<u>Date</u>	<u>Disbursements</u>	<u>Value</u>
02/16/10	Outside Printing - C2 LEGAL OF ILLINOIS LLC 01/29/10 Copies of Canopy plan documents (binders) - invoice attached	80.15
Total		80.15

Online Research

<u>Date</u>	<u>Disbursements</u>	<u>Value</u>
01/19/10	Inv#: 820004538 Office: CHICAGO User: PINKSTON, RYAN KEYCITE--re: merger of debtor and nondebtor subsidiary in connection with Section 363	2.73
01/19/10	Inv#: 820004538 Office: CHICAGO User: PINKSTON, RYAN WESTLAW DOCUMENTS--re: merger of debtor and nondebtor subsidiary in connection with Section 363	9.81
01/19/10	Inv#: 1001008475 User: DEJONKER, JASON J LEXIS LEGAL SERVICES SINGLE DOCUMENT RETRIEVAL re: Canopy Caregain merger	17.91
01/19/10	Inv#: 820004538 Office: CHICAGO User: PINKSTON, RYAN TRANSACTIONAL ONLINE FINDS--asset search for recovery targets	27.27
01/19/10	Inv#: 820004538 Office: CHICAGO User: PINKSTON, RYAN TRANSACTIONAL SEARCHES--asset search for recovery targets	137.84
01/19/10	Inv#: 1001008475 User: DEJONKER, JASON J LEXIS LEGAL SERVICES SEARCHES--re: Canopy Caregain merger and motion to merge	567.67
01/21/10	Inv#: 1001008475 User: SOWKA, JAMES SHEPARD'S SERVICE LEGAL CITATION SERVICES--re: motion to reject executory leases	13.86
01/21/10	Inv#: 1001008475 User: SOWKA, JAMES LEXIS LEGAL SERVICES DOCUMENT PRINTING--re: motion to reject executory leases	22.18
01/21/10	Inv#: 1001008475 User: SOWKA, JAMES LEXIS LEGAL SERVICES SINGLE DOCUMENT RETRIEVAL--re: motion to reject executory leases	23.89
01/26/10	Inv#: 820004538 Office: CHICAGO User: TRULL, MICHELLE F WESTLAW PUBLIC RECORDS DOCUMENTS--skip tracing information for recovery targets (subpoena service)	1.09
01/26/10	Inv#: 820004538 Office: CHICAGO User: TRULL, MICHELLE F MULTI-SEARCH WESTLAW PUBLIC RECORDS DOCUMENTS--skip tracing information for recovery targets (subpoena service)	17.66
01/26/10	Inv#: 820004538 Office: CHICAGO User: TRULL, MICHELLE F WESTLAW PUBLIC RECORDS TRANSACTIONAL SEARCHES--skip tracing information for recovery targets (subpoena service)	695.77
01/27/10	Inv#: 820004538 Office: CHICAGO User: TRULL, MICHELLE F WESTLAW PUBLIC RECORDS TRANSACTIONAL SEARCHES--skip tracing information for recovery targets (subpoena service)	289.91

01/29/10	Inv#: 820004538 Office: CHICAGO User: BOUCHARD, NINA I COMMUNICATIONS--skip tracing information for recovery targets (subpoena service)	0.40
01/29/10	Inv#: 820004538 Office: CHICAGO User: BOUCHARD, NINA I HOURLY CONNECT--skip tracing information for recovery targets (subpoena service)	1.24
01/29/10	Inv#: 820004538 Office: CHICAGO User: BOUCHARD, NINA I WESTLAW PUBLIC RECORDS COMMUNICATIONS--skip tracing information for recovery targets (subpoena service)	4.93
01/29/10	Inv#: 820004538 Office: CHICAGO User: BOUCHARD, NINA I WESTLAW PUBLIC RECORDS DOCUMENTS--skip tracing information for recovery targets (subpoena service)	7.64
01/29/10	Inv#: 820004538 Office: CHICAGO User: BOUCHARD, NINA I STANDARD--skip tracing information for recovery targets (subpoena service)	14.19
01/29/10	Inv#: 820004538 Office: CHICAGO User: BOUCHARD, NINA I WESTLAW PUBLIC RECORDS HOURLY CONNECT--skip tracing information for recovery targets (subpoena service)	15.09
01/29/10	Inv#: 820004538 Office: CHICAGO User: BOUCHARD, NINA I WESTLAW PUBLIC RECORDS SUPER ALLFILES--skip tracing information for recovery targets (subpoena service)	87.92
01/29/10	Inv#: 820004538 Office: CHICAGO User: BOUCHARD, NINA I WESTLAW PUBLIC RECORDS SELECT--skip tracing information for recovery targets (subpoena service)	469.50
02/01/10	Inv#: 1002004493 User: BOUCHARD, NINA I LEXIS LEGAL SERVICES TIER 9--skip tracing information for recovery targets (subpoena service)	0.01
02/01/10	Inv#: 1002004493 User: BOUCHARD, NINA I LEXIS LEGAL SERVICES COMPUTER CONECTN TIME--skip tracing information for recovery targets (subpoena service)	0.02
02/01/10	Inv#: 1002004493 User: BOUCHARD, NINA I REAL E STATE PUBREC ENHANCEMENTS COMPUTER CONECTN TIME-- asset search for recovery targets	21.32
02/01/10	Inv#: 1002004493 User: BOUCHARD, NINA I REAL E STATE PUBREC ENHANCEMENTS PUBREC REPORTS--asset search for recovery targets	27.88
02/01/10	Inv#: 1002004493 User: BOUCHARD, NINA I LEXIS PUBLIC RECORDS COMPUTER CONECTN TIME--skip tracing information for recovery targets (subpoena service)	49.93
02/01/10	Inv#: 1002004493 User: BOUCHARD, NINA I LEXIS PUBLIC RECORDS DOCUMENT PRINTING--skip tracing information for recovery targets (subpoena service)	60.80
02/01/10	Inv#: 1002004493 User: BOUCHARD, NINA I LEXIS PUBLIC RECORDS TIER--skip tracing information for recovery targets (subpoena service)	791.09
02/02/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I COMMUNICATIONS--skip tracing information for recovery targets (subpoena service)	0.68
02/02/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I HOURLY CONNECT--skip tracing information for recovery targets (subpoena service)	2.11

02/02/10	Inv#: 1002004493 User: SOWKA, JAMES SHEPARD'S S ERVICE LEGAL CITATION SERVICES (see redacted entries of J. Sowka on 2/2 for detail as to subject of research)	7.53
02/02/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I STANDARD--skip tracing information for recovery targets (subpoena service)	10.38
02/02/10	Inv#: 1002004493 User: SOWKA, JAMES LEXIS LEGAL SERVICES SINGLE DOCUMENT RETRIEVAL (see redacted entries of J. Sowka on 2/2 for detail as to subject of research)	16.24
02/02/10	Inv#: 1002004493 User: SOWKA, JAMES LEXIS LEGAL SERVICES DOCUMENT PRINTING(see redacted entries of J. Sowka on 2/2 for detail as to subject of research)	18.08
02/02/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I WESTLAW DOCUMENTS--skip tracing information for recovery targets (subpoena service)	19.61
02/02/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I ALLFILES--skip tracing information for recovery targets (subpoena service)	32.63
02/03/10	Inv#: 820175449 Office: CHICAGO User: TRULL,MIC HELLE F MULTI-SEARCH WESTLAW PUBLIC RECORDS DOC UMENTS--skip tracing information for recovery targets (subpoena service)	5.87
02/03/10	Inv#: 820175449 Office: CHICAGO User: TRULL,MIC HELLE F WESTLAW PUBLIC RECORDS TRANSACTIONAL SE ARCHES--skip tracing information for recovery targets (subpoena service)	57.90
02/09/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER COMMUNICATIONS (see redacted entry of C. Robertson on 2/9 for subject of research)	1.15
02/09/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER HOURLY CONNECT(see redacted entry of C. Robertson on 2/9 for subject of research)	3.52
02/09/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER STANDARD(see redacted entry of C. Robertson on 2/9 for subject of research)	18.12
02/09/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER ALLFILES(see redacted entry of C. Robertson on 2/9 for subject of research)	19.45
02/09/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER WESTLAW DOCUMENTS(see redacted entry of C. Robertson on 2/9 for subject of research)	27.29
02/09/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER SUPER ALLFILES(see redacted entry of C. Robertson on 2/9 for subject of research)	40.44
02/10/10	Inv#: 820175449 Office: CHICAGO User: OKEEFE,JU LIE L WESTLAW PUBLIC RECORDS COMMUNICATIONS--skip tracing information for recovery targets (subpoena service)	0.46
02/10/10	Inv#: 820175449 Office: CHICAGO User: OKEEFE,JU LIE L COMMUNICATIONS--skip tracing information for recovery targets (subpoena service)	0.47

02/10/10	Inv#: 820175449 Office: CHICAGO User: OKEEFE, JU LIE L WESTLAW PUBLIC RECORDS HOURLY CONNECT--skip tracing information for recovery targets (subpoena service)	1.41
02/10/10	Inv#: 820175449 Office: CHICAGO User: OKEEFE, JU LIE L HOURLY CONNECT--skip tracing information for recovery targets (subpoena service)	1.46
02/10/10	Inv#: 1002004493 User: SOWKA, JAMES LEXIS LEGAL SERVICES SINGLE DOCUMENT RETRIEVAL--automatic rejection of executory contracts	6.49
02/10/10	Inv#: 820175449 Office: CHICAGO User: OKEEFE, JU LIE L WESTLAW PUBLIC RECORDS SUPER ALLFILES--skip tracing information for recovery targets (subpoena service)	7.37
02/10/10	Inv#: 820175449 Office: CHICAGO User: OKEEFE, JU LIE L WESTLAW PUBLIC RECORDS DOCUMENTS--skip tracing information for recovery targets (subpoena service)	7.63
02/10/10	Inv#: 820175449 Office: CHICAGO User: OKEEFE, JU LIE L STANDARD--skip tracing information for recovery targets (subpoena service)	16.70
02/10/10	Inv#: 820175449 Office: CHICAGO User: OKEEFE, JU LIE L WESTLAW PUBLIC RECORDS SELECT--skip tracing information for recovery targets (subpoena service)	44.88
02/11/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I COMMUNICATIONS (see redacted entry of N. Bouchard on 2/11 for subject of research)	1.19
02/11/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I HOURLY CONNECT (see redacted entry of N. Bouchard on 2/11 for subject of research)	3.63
02/11/10	Inv#: 1002004493 User: PINKSTON, RYAN SHEPARD'S SERVICE LEGAL CITATION SERVICES	3.76
02/11/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I STANDARD (see redacted entry of N. Bouchard on 2/11 for subject of research)	4.37
02/11/10	Inv#: 1002004493 User: PINKSTON, RYAN LEXIS LEGAL SERVICES SINGLE DOCUMENT RETRIEVAL	9.73
02/11/10	Inv#: 1002004493 User: PINKSTON, RYAN LEXIS LEGAL SERVICES DOCUMENT PRINTING	12.05
02/11/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I MULTI-SEARCH WESTLAW DOCUMENTS (see redacted entry of N. Bouchard on 2/11 for subject of research)	29.40
02/11/10	Inv#: 1002004493 User: PINKSTON, RYAN LEXIS LEGAL SERVICES SEARCHES (see redacted entry of M. Pinkson on 2/11 for subject of research)	36.60
02/11/10	Inv#: 1002004493 User: PINKSTON, RYAN LEXIS LEGAL SERVICES COMBINED SEARCH COMPONENT (see redacted entry of M. Pinkston on 2/11 for subject of research)	78.93
02/11/10	Inv#: 820175449 Office: CHICAGO User: BOUCHARD, NINA I ALLFILES (see redacted entry of N. Bouchard on 2/11 for subject of research)	88.72
02/22/10	Inv#: 1002004493 User: FAUST, NANCY-0617 LEXIS LEGAL SERVICES TIER 9--news articles regarding Debtor	0.03

02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER STANDARD - CODES (see redacted entry of C. Robertson on 2/22 for subject of research)	0.23
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER PREMIER RESERVE COMMUNICATIONS (see redacted entry of C. Robertson on 2/22 for subject of research)	0.25
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER PREMIER RESERVE HOURLY CONNECT	0.78
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER COMMUNICATIONS (see redacted entry of C. Robertson on 2/22 for subject of research)	1.77
02/22/10	Inv#: 1002004493 User: FAUST, NANCY-0617 NEXIS SERVICE COMPUTER CONECTN TIME--news articles regarding Debtor	4.20
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER HOURLY CONNECT (see redacted entry of C. Robertson on 2/22 for subject of research)	5.37
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER STANDARD (see redacted entry of C. Robertson on 2/22 for subject of research)	10.61
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER PREMIER RESERVE WESTLAW DOCUMENTS (see redacted entry of C. Robertson on 2/22 for subject of research)	15.52
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER WESTLAW DOCUMENTS (see redacted entry of C. Robertson on 2/22 for subject of research)	18.20
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER PREMIER RESERVE SELECT (see redacted entry of C. Robertson on 2/22 for subject of research)	29.17
02/22/10	Inv#: 1002004493 User: FAUST, NANCY-0617 NEXIS SERVICE DOCUMENT PRINTING--news articles regarding Debtor	60.25
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER ALLFILES (see redacted entry of C. Robertson on 2/22 for subject of research)	62.52
02/22/10	Inv#: 1002004493 User: FAUST, NANCY-0617 NEXIS SERVICE TIER 6--news articles regarding Debtor	66.75
02/22/10	Inv#: 820175449 Office: BOSTON User: ROBERTSON, CHRISTOPHER SUPER ALLFILES--news articles regarding Debtor	70.54
02/19/10	Online Research - LEXISNEXIS (see redacted entry of C. Robertson on 2/19 for subject of research)	5.66
Total		4,367.65 (11) -4,367.65

Summary of Expense Detail Supplemented

<u>Disbursements</u>	<u>Value</u>
Outside Printing	80.15
Online Research	4,367.65
Total	\$4,447.80